

KREMLIN'S SECRET ALLY

HOW TOKAYEV IS HELPING PUTIN CIRCUMVENT SANCTIONS

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article14

The **Open Dialogue Foundation** was established in Poland in 2009 on the initiative of Ukrainian student and civic activist Lyudmyla Kozlovska (who currently serves as President of the Foundation). Since its founding, statutory objectives of the Foundation include the protection of human rights, democracy and the rule of law in the post-Soviet area. In July 2017 area of interest of the Foundation was expanded due to the rapidly deteriorating situation in Poland and other EU member states affected by illiberal policies implemented by their populist governments. The Foundation has its permanent representations in Brussels, Warsaw and Kyiv.

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Human Rights Protection Foundation Qaharman – a Kazakhstani human rights organisation which was established for the purpose of protecting fundamental human rights in Kazakhstan, in particular, the right to peaceful assembly, right to a fair trial, and right to participation in the management of state affairs, as well as freedom of speech and dissemination of information. As a public initiative, Qaharman began its activities in Kazakhstan in 2019, and in February 2020, it was officially registered. Qaharman activists monitor politically motivated trials and the right to peaceful assembly.

Twitter: [@qaharman_kz](https://twitter.com/qaharman_kz); e-mail: qaharman.hr@gmail.com

The **human rights movement '405'** is a public initiative founded in 2019. The main goal of the movement is to protect participants of peaceful assemblies and bloggers who are subject to political prosecution under Article 405 of the Criminal Code of Kazakhstan ("participation in the activities of the organisation after its recognition as extremist"). The movement protects the right to peaceful expression, which should not be regarded by the authorities as 'extremism'.

Twitter: [@hr405kz](https://twitter.com/hr405kz); e-mail: movement405hr@gmail.com

The **Bostandyq Kz human rights movement** intends to fight for the observance of the constitutional rights and freedoms of the citizens of Kazakhstan, and to inform about human rights violations in the country. The movement was founded on 14 September 2020.

Facebook: [Bostandyq Kz](https://www.facebook.com/BostandyqKz)

The **human rights movement Veritas** was established on 17 September 2020. The aim of the movement is to protect human rights in Kazakhstan, with special attention to freedom of speech, peaceful assembly and peaceful association. The movement monitors the implementation of Kazakhstan's commitments in the areas of human rights, environment, health and anti-corruption, and informs the EU, the UN, PACE, the OSCE, GRECO and the governments of democratic states about the results of the monitoring. Veritas conducts public campaigns to protect politically persecuted activists, political prisoners and victims of torture.

Facebook: [Veritas human rights movement](https://www.facebook.com/VeritasHumanRightsMovement); e-mail: veritas15.09.20@gmail.com

The **"Femina Virtute" human rights movement**, was established on 4 November 2020, and aims to combat discrimination against women in Kazakhstan and to document violations of women's, civil and political rights. The members of the movement conduct solidarity actions in defence of human rights and train citizens to defend their rights. Based on the monitoring results, the movement provides information to the European Parliament, the European Commission, the UN, the OSCE, the Council of Europe, governments and politicians of the EU states, as well as the USA, Canada, Australia, the UK, Norway and Switzerland.

Facebook: [Femina Virtute](https://www.facebook.com/FeminaVirtute); e-mail: ulbolsynturdieva@gmail.com

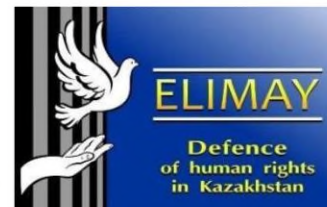


Human rights movement "Article 14" was established on 5 November 2020 with the aim of monitoring the right to fair justice in Kazakhstan. The members of the movement inform citizens of Kazakhstan and the international community about violations of the right to a fair trial, fight for greater transparency in the justice process, and draw public attention to violations during trials.

article14

Facebook: [Article Hrm](#) ; e-mail: article14hrm@gmail.com

The Human Rights movement Elimay was established on 17 October 2020. The movement aims to protect civil and political rights and freedoms in Kazakhstan. The movement calls to put an end to all forms of political repression and release of political prisoners in Kazakhstan.



Facebook: [ELIMAY ~ defence of human rights in Kazakhstan](#) ; e-mail: elimayfreedom@gmail.com

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Table of Contents:

1. INTRODUCTION5

2. KAZAKHSTAN'S POLITICAL SUPPORT FOR RUSSIA.....6

 Ban on protests in support of Ukraine8

 Tokayev is in Putin's debt8

 Kazakhstan helps Russia circumvent Western sanctions10

3. KAZAKHSTAN STRENGTHENS RELATIONS WITH RUSSIA AMID ITS INTERNATIONAL ISOLATION.....12

 Kazakhstan's "new geopolitical reality"12

 Re-registration and relocation of Russian companies.....13

 "Parallel import"14

 Assistance in lifting sanction restrictions for the purchase of Russian subsidiary banks and for the operation of Russian payment systems in Kazakhstan15

 Circumventing financial sanctions18

 Military cooperation19

4. DISINFORMATION OPERATIONS TO CREATE AN IMAGINARY CONFRONTATION BETWEEN RUSSIA AND KAZAKHSTAN.....20

 Positioning Kazakhstan as a "victim of an alleged attack" by Russia21

 Information noise to divert attention from the change of shareholders of Russian-sanctioned banks in Kazakhstan21

 Tokayev's speech at the St Petersburg Economic Forum.....22

 How Kazakhstan avoided sanctions for helping to steal Ukrainian grain24

 Increasing Kazakhstan's military budget for defence against Russia?26

 Fake about the cessation of military cooperation between Kazakhstan and Belarus27

 Fake about the cancellation of teaching Russian in Kazakhstani schools28

 Fake about Kazakhstan's withdrawal from the CSTO28

5. RECOMMENDATIONS29

1. INTRODUCTION

After Russia launched a full-scale military invasion of Ukraine in February 2022, the Kazakhstani authorities stated that Kazakhstan "respects the territorial integrity of Ukraine" and "has not and will not recognise both the situation with Crimea and the situation with Donbass".^{1,2} In June 2022, President Tokayev declared non-recognition of the so-called "LPR" and "DPR".³ However, the declared position of Kazakhstan's leadership serves only as a cover for supporting Russia in circumventing the sanctions regime for a full-scale military invasion of Ukraine.

The Kazakhstani authorities have conducted large-scale disinformation operations in Ukraine and the West about the alleged "conflict" between Tokayev and Putin, "strict implementation of sanctions", the "threat of a Russian attack on Kazakhstan" and, accordingly, "forced support for Russia", in order to prevent sanctions against the Kazakhstani officials and companies that assist Russia in circumventing international sanctions, including the supply of military and dual-use goods.

- The Kazakhstani authorities use Kazakhstan's state agencies to promote in the West the easing and/or lifting of sanctions imposed on financial institutions (Sberbank Kazakhstan, Alfa-Bank Kazakhstan) and instruments (Mir payment system).
- Since the start of the invasion on 24 February 2022, Kazakhstani civil society has continuously published facts about Kazakhstan's assistance to Russia in circumventing the sanctions and has called on Ukraine and Western countries to impose secondary and personal sanctions on the violators of the sanctions regime. The result of such actions should not only be to shut down existing sanctions circumvention schemes, but also to weaken Russia's financial, military and technological capacity to wage an illegal war against Ukraine.
- Kazakhstan acquired Russian-owned sanctioned Sberbank Kazakhstan and Alfa-Bank Kazakhstan and lobbied the US government, with the help of Kazakhstani state agencies such as the National Bank, the Ministry of Foreign Affairs, Agency for Regulation and Development of the Financial Market, to remove them from the sanctions list.
- Kazakhstan has increased its exports of **machines, equipment, vehicles, instruments and to Russia many times over (a 284.3% increase)**, TVs, monitors and projectors by **312 times**, computers by 215 times, and telephones by 88 times.^{4,5} The goods and components supplied are used by Russia's military-industrial complex. Ukrainian military intelligence has reported the delivery of US and Japanese missile components to Russia by Kazakhstan.⁶
- Russian companies relocated to Kazakhstan are free to use financial services, including international financial transactions, thereby offsetting some of the lost imports to Russia.^{7,8}

¹ <https://rus.azattyq.org/a/31786625.html>

² <https://www.euractiv.com/section/central-asia/interview/kazakh-official-we-will-not-risk-being-placed-in-the-same-basket-as-russia/>

³ <https://rus.azattyq.org/a/tokayev-o-priznanii-lnr-i-dnr/31903400.html>

⁴ https://tengrinews.kz/kazakhstan_news/eksport-tovarov-iz-kazahstana-v-rossiyu-vyiros-za-god-485209/

⁵ <https://rus.azattyk.org/a/32131171.html>

⁶ https://www.repubblica.it/esteri/2022/10/31/news/ucraina_servizi_segreti_iran_addestra_russi_crimea-372441671/

⁷ <https://rus.azattyq-ruhy.kz/economics/43686-rossiane-perekhodiya-na-tenge-valiutu-rekordno-skupaiut-na-moskovskoi-birzhe>

⁸ <https://24.kz/ru/news/economy/item/550519-rossijskie-promyshlenniki-rassmatrivayut-uglublenie-kooperatsii-s-kazahstanom>

Recommendations:

- Immediately shut down Russia's ability to circumvent sanctions through Kazakhstan and other Central Asian countries in order to achieve the desired result of international sanctions against the Kremlin;
- Introduce personal sanctions against individuals and entities, including government officials, who facilitate the circumvention of sanctions;
- Implement the recommendations of the European Parliament Resolution dated 20 January 2022⁹, particularly the requirement for Kazakhstan to allow UN and OSCE experts to conduct an international investigation into the role of CSTO troops in suppressing peaceful mass protests in Kazakhstan in January 2022;
- Provide political and financial support to independent civil society, the opposition and Kazakhstani whistleblowers who expose Tokayev's assistance in circumventing international sanctions for the Kremlin and surrendering Kazakhstan's national interests to Russia;
- Curb the misuse of inter-state criminal and civil law cooperation instruments, the conduct of illegal surveillance on EU territory of the opposition and their loved ones; investigate and stop propaganda attacks aimed at misleading EU state authorities and achieve politically motivated extradition of opposition representatives from EU countries to Kazakhstan, who systematically expose Tokayev's assistance in circumventing international sanctions for the Kremlin and surrendering Kazakhstan's national interests to Russia.

This report is based on information from public sources, expert assessments and insider information. The report contains information on the political support of Kazakhstan's leadership for Russia, schemes to circumvent international (financial and technological) sanctions, examples of disinformation, as well as recommendations to Ukraine, the US, the European Union, the UK and Canada.

2. KAZAKHSTAN'S POLITICAL SUPPORT FOR RUSSIA

The leaders of these two countries regularly declare strategic cooperation, allied relations and intensified interaction on a range of issues, including trade, economic and military-technical partnership. Kazakhstan participates jointly with Russia in a number of interstate unions - the Eurasian Economic Union (EAEU), the Shanghai Cooperation Organisation (SCO) and the Collective Security Treaty Organisation (CSTO).

Kazakhstan's political leadership has not explicitly condemned the war against Ukraine launched by Russia. Since the beginning of Russia's full-scale military invasion of Ukraine, Kazakhstan has not supported any of the six UN General Assembly resolutions condemning Russia's war against Ukraine.^{10, 11} Kazakhstan also voted against suspending Russia's membership in the UN Human Rights Council and against removing Iran, which helps Russia with weapons, from the UN Commission on the Status of Women.^{12, 13}

⁹ https://www.europarl.europa.eu/doceo/document/TA-9-2022-0012_EN.html

¹⁰ <https://rus.azattyq.org/a/32131130.html>

¹¹ <https://rus.azattyq.org/a/32180808.html>

¹² <https://rus.azattyq.org/a/31801538.html>

¹³ <https://informburo.kz/novosti/kazaxstan-progolosoval-protiv-isklyuceniya-irana-iz-komissii-oon-po-polozeniyu-zenshhin>

On 15 December 2022, Kazakhstan **voted against a UN resolution** on the situation of human rights in the temporarily occupied Autonomous Republic of Crimea, the one requiring Russia to stop its aggression and to withdraw its troops from all of Ukraine, which refutes statements by Kazakhstan's leadership supporting the UN principles and Ukraine's territorial integrity. On the same day, 15 December 2022: Kazakhstan **voted in favour of a Russian resolution** at the UN on "combating glorification of Nazism, neo-Nazism and other practices that contribute to fuelling contemporary forms of racism, racial discrimination, xenophobia and related intolerance".

Voting at the UN:

- 1) 2 March 2022 Kazakhstan abstains from voting at the UN General Assembly on a resolution condemning Russia's invasion and calling for the immediate withdrawal of troops from Ukraine.
- 2) 24 March 2022 Kazakhstan abstains from voting on a resolution on the humanitarian consequences of aggression against Ukraine.
- 3) 7 April 2022 Kazakhstan votes against suspending Russia from the UN Human Rights Council.
- 4) 20 September 2022 Kazakhstan abstains from voting on President Zelenskyi's online address to the UN.
- 5) 7 October 2022 Kazakhstan votes against the appointment of a Special Rapporteur on the situation of human rights in Russia.
- 6) 12 October 2022 Kazakhstan abstains from voting on a resolution condemning Russia's annexation of Ukrainian territories.
- 7) 14 November 2022 Kazakhstan abstains from voting on a resolution on reparations to Ukraine.
- 8) 15 December 2022 Kazakhstan **votes against** a resolution on the situation of human rights in the temporarily occupied Autonomous Republic of Crimea, which also demands that Russia stop its aggression and withdraw its troops from all of Ukraine.
- 9) 15 December 2022 Kazakhstan **votes in favour of a Russian resolution** at the UN on "combating glorification of Nazism, neo-Nazism and other practices that contribute to fuelling contemporary forms of racism, racial discrimination, xenophobia and related intolerance".
- 10) 14 December 2022 Kazakhstan votes against Iran's removal from the UN Commission on the Status of Women.

The political support of Kazakhstan's leadership for Russia and the CSTO is also confirmed by the fact that on the day of a massive missile strike on Ukraine, 23 November 2022, Imangali Tasmagambetov became head of the Collective Security Treaty Organization (CSTO). Tasmagambetov is one of Kazakhstan's most influential officials, close to former President Nursultan Nazarbayev. Tasmagambetov is a former prime minister of Kazakhstan, former mayor of Astana, former defence minister and former ambassador of the Republic of Kazakhstan to Moscow.^{14, 15} Tasmagambetov's appointment as secretary general of the Russian-led organisation occurred against the backdrop of Russia being recognised by the European Parliament as a state sponsor of terrorism.¹⁶ At the CSTO summit on 24 November 2022, Tokayev made a statement saying: "*any chance must be used to achieve **at least a truce***".¹⁷ This statement by Tokayev **echoes the rhetoric of the Russian leadership** on the need for a short truce to restore forces.¹⁸

¹⁴ <https://www.pravda.com.ua/rus/news/2022/11/23/7377667/>

¹⁵ <https://informburo.kz/novosti/imangali-tasmagambetov-stal-generalnym-sekretaryom-odkb>

¹⁶ <https://www.bbc.com/russian/news-63723565>

¹⁷ <https://rus.azattyq.org/a/32146885.html>

¹⁸ <https://www.rbc.ua/ukr/news/rosiya-hoche-korotkogo-peremir-ya-zelenskiy-1668842641.html>

In order to prevent the introduction of secondary sanctions for helping Russia, the Kazakhstani authorities carry out disinformation operations, including by representatives of “think tanks”, the Ministry of Foreign Affairs of the Republic of Kazakhstan and Kazakhstani embassies abroad. In particular, the director of the Kazakhstan Institute for Strategic Studies under the President of Kazakhstan, Tukumov Yerkin, visits to Western countries to convince them that Kazakhstan's leadership allegedly supports Ukraine, but, "fearing a transport and logistics blockade", "Russian military aggression" and "occupation of Northern and Western Kazakhstan", is "forced" to vote against Ukraine and "forced" to help Russia bypass sanctions. This is also confirmed by the statement of Mazhilis deputy Aidos Sarym, a well-known propagandist in Kazakhstan, on the issue of Kazakhstan voting for Russia at the UN: *"Let's get this straight. Kazakhstan has stated categorically that it does not recognise Crimea and Donbass. There is now a fierce war between Ukraine and Russia. Each side is using the UN platform to increase its chances. A legal thing. Our task is to examine our situation. In most cases, Kazakhstan refrains. Similarly, we are forced to perform "diplomatic rituals". I urge Kazakhstanis to understand this aspect correctly."*¹⁹

Through disinformation, the Kazakhstani authorities have so far managed to avoid secondary sanctions for helping Russia circumvent international sanctions, including a ban on military and dual-use goods.

Ban on protests in support of Ukraine

Despite the "notification nature of peaceful assemblies" and statements by the Kazakhstani leadership "supporting the territorial integrity" of Ukraine, the Kazakhstani authorities have effectively banned peaceful protests in support of Ukraine. Since 24 February 2022, Kazakhstani authorities have banned at least 49 anti-war and single-person actions in support of Ukraine across Kazakhstan.²⁰ The Kazakhstani authorities also persecute participants of peaceful rallies in support of Ukraine.^{21, 22, 23, 24, 25, 26, 27}

Tokayev is in Putin's debt

During the mass protests that swelled through Kazakhstan in January 2022, the CSTO military force, actually led by Russia, was brought into Kazakhstan.²⁸ Russia has thus shown that it supports Tokayev and is a guarantor of his presidency in Kazakhstan.

There is an intense level of personal interaction between the Kazakhstani and Russian presidents. Since Russia's full-scale military invasion of Ukraine in February 2022, Kassym-Jomart Tokayev has made five visits to Russia, during which he held talks with Putin. Kassym-Jomart Tokayev made his first international trip after his "re-election" as president of Kazakhstan, in a snap election, to Russia, where he met with Putin on 28 November 2022.²⁹ At the economic forum in Qatar on 21 June 2022 President Tokayev said:

¹⁹ <https://ulysmidia.kz/news/16547-my-vynuzhdeny-aidos-sarym-o-prorossiiskom-golosovanii-kazakhstana-v-oon/>

²⁰ <https://rus.azattyq.org/a/32176476.html>

²¹ <https://rus.azattyq.org/a/31786312.html>

²² <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3247016938950900/>

²³ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3235182206801040/>

²⁴ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3242291139423480/>

²⁵ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3241570242828903/>

²⁶ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3243117876007473/>

²⁷ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3232971470355447/>

²⁸ <https://en.odfoundation.eu/a/293144,the-aftermath-of-the-bloody-january-crackdown-on-prodemocratic-protests-in-kazakhstan/>

²⁹ <https://www.osce.org/odihr/elections/kazakhstan/528966>

"Yes, Putin is still a reliable ally, and as head of state I am happy to say that I have a close relationship with Putin."³⁰

It is widely known that Putin is trying to restore a prototype of the Soviet Union. In addition to Ukraine and Belarus, Putin plans to take control of the Central Asian states. Kazakhstan is as politically controlled by Russia as Belarus. Kyrgyzstan, Tajikistan, Turkmenistan are highly dependent on Russia, while Uzbekistan is the least dependent state on Russia.

Putin has worked extensively with President Mirziyoyev since the death of President Karimov to persuade him to integrate the Russian and Uzbek economies more deeply. Multibillion-dollar contracts have been signed in a wide range of economic and political spheres. The well-known billionaire Alisher Usmanov, Putin's confidant, is an ethnic Uzbek whom Putin uses to build a personal and corrupt relationship with Uzbek President Mirziyoyev. Putin's goal is to gain control over Uzbekistan, as he did over Belarus and Kazakhstan.

To this end, during Tokayev's visit to Moscow on 28 November 2022, Putin announced a plan to create a "triple union" of Russia, Kazakhstan and Uzbekistan.³¹ As we know, such a union already exists between Russia and Belarus. Putin plans to expand this union by incorporating Kazakhstan and Uzbekistan into the current union with Belarus at the first stage, with other Central Asian states to follow. At that meeting on 28 November 2022 Tokayev publicly stated his agreement to Putin's proposal to create a "triple union" of Russia, Kazakhstan and Uzbekistan.

интерфакс



Встреча президента РФ и президента Казахстана

Фото: AP/TACC

Москва. 28 ноября. INTERFAX.RU - Президент Казахстана Касым-Жомарт Токаев заявил, что поддерживает высказанное президентом РФ Владимиром Путиным предложение создать некий трехсторонний союз РФ, Казахстана и Узбекистана, в том числе для решения вопросов в газовой сфере.

News in the Russian media: "Kazakhstani President Kassym-Zhomart Tokayev said he supports the proposal expressed by Russian President Vladimir Putin to create a kind of triple union of Russia, Kazakhstan and Uzbekistan, including to resolve issues in the gas sphere"

³⁰ <https://www.rbc.ru/politics/21/06/2022/62b1b6c89a7947b99131a74f>

³¹ <https://www.interfax.ru/world/874551>

The Kazakhstani authorities tried to deny the political nature of the union and said the issue was about creating a "triple gas union", but the original Russian media report contained language about creating a "triple union", "including to resolve issues in the gas sphere".^{32,33} According to experts, Uzbekistan does not need gas supplies from Russia. Uzbekistan is an exporter of gas to China via Kazakhstan and only needs a certain amount of gas in winter, which can be covered by deliveries from Turkmenistan. In December 2022, for example, Uzbekistan signed a contract with Turkmenistan for the winter supply of 1.5 billion cubic metres of gas.³⁴

Uzbekistan's Energy Minister rejected the idea of a union, saying: "*We will never agree to political conditions in exchange for gas*".³⁵ Kazakhstan's Energy Minister denied the statements of Tokayev's spokesman and Kazakhstan's Foreign Ministry, saying there was no discussion of a "gas union".³⁶ It thus demonstrates Putin's intention to create a prototype of the Soviet Union and the willingness of Tokayev (Kazakhstan) to enter the Union State by giving full control to Putin, in contrast to Uzbekistan, which, for the moment, claims its own political course.

Russia's takeover of Kazakhstan began long before the start of the 2022 war by creating a common economic and military space. On 3 September 2021, a memorandum was signed between the Kazakhstani government and the Russian state-owned company Sberbank (headed by Herman Gref) to transfer to Sberbank the right to create a digital platform to manage the personal data of Kazakhstani citizens and the data of Kazakhstani state agencies, including the Ministry of Defence.³⁷ Kazakhstan's leadership deliberately planned to transfer the country's digital sovereignty to Russia.

Kazakhstan helps Russia circumvent Western sanctions

Russia has faced international sanctions - personal and sectoral - the key objectives of which were to reduce Russia's financial, military-industrial and domestic political resources to continue its war against Ukraine. One of the most painful consequences of the sanctions for Russia is the ban on exports of military and dual-use goods to Russia. Kazakhstan has become one of the key states that have engaged in large-scale state-level support to Russia to circumvent international sanctions.

Kazakhstan's leadership **uses Kazakhstan's state agencies**, including the Ministry of Foreign Affairs, the National Bank of Kazakhstan, the Agency for Regulation and Development of the Financial Market and the state holding company Baiterek, **to promote in the West the easing or lifting of sanctions on financial institutions and instruments**, including Sberbank Kazakhstan, Alfa-Bank Kazakhstan and Mir payment system.^{38, 39, 40, 41, 42}

The sanctions have struck a tangible blow to Russia's economy and industry, but have not had as devastating an effect as expected. **According to Ukrainian intelligence published in November 2022, one**

³² <https://tengrinews.kz/russia/troystvennyiy-gazovyy-soyuz-press-sekretar-tokaeva-raskryil-484581/>

³³ <https://www.interfax.ru/world/874551>

³⁴ <https://www.gazeta.uz/ru/2022/12/16/gas-from-turkmenistan/>

³⁵ <https://www.dw.com/ru/uzbekistan-otklonil-predlozhenie-zakluchit-gazovyy-soyuz-s-putinym/a-64024996>

³⁶ <https://rus.azattyq.org/a/32172733.html>

³⁷ <https://en.odfoundation.eu/a/109524,kazakhstan-surrender-of-technological-sovereignty-to-russia-china-and-a-further-assault-on-civil-society-and-liberties/>

³⁸ <https://ru.sputnik.kz/20221210/byvshyuyu-dochku-sberbanka-v-kazakhstane-vyvodyat-iz-pod-sanktsiy--30227589.html>

³⁹ <https://kapital.kz/finance/107325/v-eco-center-bank-prokommentirovali-isklyucheniye-iz-sanktsionnogo-spiska-ssha.html>

⁴⁰ <https://www.dw.com/ru/banki-kazahstana-polucili-razresenie-ssa-na-operacii-s-kartami-mir/a-64047616>

⁴¹ <https://kz.kursiv.media/2022-10-14/ofac-prodlilo-do-konca-goda-srok-zaversheniya-sdelok-s-byvshej-dochkoj-sberbanka/>












⁴² <https://informburo.kz/novosti/alfa-bank-kazaxstan-mozet-vyiti-iz-sankcionnogo-spiska-posle-pokupki-bck>

of the reasons the effect of international sanctions on Russia has weakened is the help of third countries to circumvent international sanctions.⁴³

Kazakhstan's opposition and civil society have been revealing since the first months of the Russian invasion how Kazakhstan has become a key state where the "economic rear" is actually deployed. A process of mass transit of goods and services needed for Russia's economy and industry has been organised through Kazakhstan with the help of the Kazakhstani authorities.^{44, 45, 46, 47, 48} At the same time, Russia and Kazakhstan have so far successfully misled Western partners through constant disinformation operations about alleged "differences" between them and "threats of Russian attack on Kazakhstan".

In fact, the level of cooperation between the two states has increased significantly since Russia's military invasion of Ukraine. Exports of goods from Kazakhstan to Russia rose by 15.1% to USD 5.9 billion.⁴⁹ Particularly noteworthy is the **abnormal growth in exports of machinery, equipment, vehicles, instruments and devices - an increase by 284.3 %**, and the recent doubling of exports in the "other goods" category (it is not clear what exactly is behind this category of goods) - the atypical growth in two export categories indicates the supply of goods that can be used for military purposes, including dual-use goods.

The Belarusian Investigation Centre (BIC), in its new study, reported that timber from Belarus is being transported to the European Union in circumvention of sanctions - via Kazakhstan and Kyrgyzstan.⁵⁰

Товарооборот РК с РФ. Январь–сентябрь 2022 (млн долл. США)			
	2022/09	2021/09	Прирост
Всего	18 353,9	17 485,1	5,0%
Экспорт	5 908,0	5 132,0	15,1%
 Металлы и изделия из них	1 490,0	1 734,6	-14,1%
 Минеральные продукты	1 416,4	1 968,8	-28,1%
 Продукция химической и связанных с ней отраслей промышленности (включая каучуки и пластмассы)	1 287,2	633,4	103,2%
 Машины, оборудование, транспортные средства, приборы и аппараты	1 227,3	319,3	284,3%
 Продукты животного и растительного происхождения, готовые продовольственные товары	349,5	402,1	-13,1%
 Древесина, лесоматериалы и целлюлозно-бумажные изделия	44,6	14,9	199,2%
 Текстиль и текстильные изделия	41,2	37,0	11,3%
 Строительные материалы	22,9	10,0	128,7%
 Кожевенное сырьё, пушнина и изделия из них	1,7	1,1	55,2%
 Обувь, головные изделия и галантерейные товары	1,2	2,2	-44,4%
 Прочие товары	26,0	8,5	205,8%

The table shows the dynamics of trade between Russia and Kazakhstan

⁴³ <https://nv.ua/world/countries/ukrainskaya-razvedka-nazvala-strany-kotorye-pomogayut-rossii-v-voyne-50282767.html>

⁴⁴ <https://www.facebook.com/mukhtar.ablyazov/posts/pfbid0BvGdYMBLhotTwfVbZaEjrm9MFWunhyMNzgmQwikWjTyF2ZQRuVUw1syNaieh7kaxl>

⁴⁵ <https://www.facebook.com/mukhtar.ablyazov/posts/pfbid02QD5nCiD4uA245LyCjibPxQhBceN5AawnPSc2zGcNaxsWkvAgQPaNwXfvNKQ6X37NI>

⁴⁶ <https://www.facebook.com/mukhtar.ablyazov/posts/pfbid02QD5nCiD4uA245LyCjibPxQhBceN5AawnPSc2zGcNaxsWkvAgQPaNwXfvNKQ6X37NI>

⁴⁷ <https://www.facebook.com/mukhtar.ablyazov/posts/pfbid04uu88EDxF3K1LejqJH2VtwuMat8yDPPUr5s5cZSyyqMGyRh1gkGoTb2kgSALzJtSI>

⁴⁸ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3434175103568415/>

⁴⁹ https://tengrinews.kz/kazakhstan_news/eksport-tovarov-iz-kazahstana-v-rossiyu-vyiros-za-god-485209/

⁵⁰ <https://rus.azattyq.org/a/32186666.html>

The BIC found that once sanctions on Belarusian wood products under code 44 - which includes sawn timber and boards, plywood and chipboard, wood pellets and briquettes - came into effect, exports of these products from Kazakhstan to the EU increased 74-fold and from Kyrgyzstan almost 18,000-fold compared to the same period in 2021. This is despite the fact that both countries imposed temporary restrictions on timber exports. In the EU, the main buyers of Belarusian timber to circumvent sanctions, according to investigators, were Poland, Lithuania, Latvia, Germany and the Netherlands.

This points to the systemic nature of the assistance of EEU (Eurasian Economic Union) members, namely Kazakhstan and Kyrgyzstan, in circumventing sanctions not only of Russia but also of Belarus.

3. KAZAKHSTAN STRENGTHENS RELATIONS WITH RUSSIA AMID ITS INTERNATIONAL ISOLATION

Kazakhstan's "new geopolitical reality"

The level of cooperation between Kazakhstan and Russia has increased significantly since Russia's military invasion of Ukraine. Russia is Kazakhstan's main political, trade and economic partner. Since Russia's invasion, Kazakhstan's leadership has been convincing Ukraine and the West that Kazakhstan complies with the sanctions, while actively increasing trade cooperation with Russia, including the export of military and dual-use goods.

At a time when democratic countries are imposing sanctions against Russia and restricting access of their goods and services to the Russian market, Kazakhstan is purposefully helping Russia avoid these restrictions. During a meeting with Putin in May 2022, Tokayev said that despite all the difficulties **"stemming from current geopolitical realities,"** the goal of the two governments is to increase trade and economic cooperation.⁵¹ In August 2022, Tokayev reiterated the rhetoric of the **"specific geopolitical situation"** and the need for the two governments to "synchronise their watches" in this regard.⁵²

By helping Russia circumvent international sanctions, the Kazakhstani authorities are trying to convince Western partners that they are "strictly adhering" to anti-Russian sanctions:

- On 29 March 2022, Tokayev's deputy head of administration, Timur Suleimenov, said Kazakhstan "will comply with sanctions".⁵³
- On 21 June 2022, the Minister of Foreign Affairs of Kazakhstan Mukhtar Tleuberdi attended a meeting of the Republic of Kazakhstan - European Union Cooperation Council during which the issue of preventing the negative impact of anti-Russian sanctions on companies from Kazakhstan was discussed.⁵⁴
- On 14 September 2022, Foreign Minister Mukhtar Tleuberdi noted that Kazakhstan has established a governmental working group to prevent the negative impact of anti-Russian sanctions on Kazakhstan's economy. The group consults with the U.S. and the EU in order to avoid cases of Kazakhstani companies falling under secondary sanctions.⁵⁵
- On 16 September 2022, Almasadam Satkaliyev, chairman of the board of the National Welfare Fund Samruk-Kazyna, said that the fund carefully monitors compliance with sanctions and is ready

⁵¹ <https://rus.azattyq.org/a/31854114.html>

⁵² https://tengrinews.kz/kazakhstan_news/tokaev-vstreche-putinyim-osnovaniy-pessimisticheskikh-475850/

⁵³ <https://kaztag.kz/ru/news/timur-suleymenov-v-es-my-sdelaem-vse-vozmozhnoe-chtoby-kontrolirovat-sanktsionnye-tovary>

⁵⁴ https://tengrinews.kz/kazakhstan_news/kazakhstan-obsudil-evrosoyuzom-predotvrashchenie-vliyaniya-471432/

⁵⁵ <https://www.zakon.kz/6024764-putina-v-kazakhstane-zhdut-v-seredine-oktiabria.html>

to leave all projects that violate the anti-Russian sanctions. According to Satkaliyev, in order to avoid risks, the fund is in constant close contact with Western partners.⁵⁶

- On 30 November 2022, Deputy Foreign Minister Roman Vasilenko said that Kazakhstan "does not allow its territory to be used to circumvent sanctions".⁵⁷

However, the reality shows that Kazakhstan has become an economic rear to circumvent international sanctions and restrictions that have been imposed on Russia due to the war against Ukraine.

Re-registration and relocation of Russian companies

In the first 2 months of 2022, a flood of foreign companies left Kazakhstan. However, after the Russian military invasion of Ukraine and the imposition of sanctions against Russia, the number of foreign-owned companies in Kazakhstan began to rise rapidly. The monthly increase in the number of such companies was about 4%, whereas in 2021 the monthly increase was only about 1%. This huge surge was due to the entry of companies from Russia and Belarus. From January to May 2022, the increase in the number of foreign companies was 2,416, of which 1,566 came from Russia and 120 from Belarus.⁵⁸ In total, some 13,000 companies from the Russian Federation and branches of Russian companies were operating in Kazakhstan as of May 2022 (out of a total of 40,200 foreign companies). Russian companies that have relocated to Kazakhstan (so-called "relocated companies") have gained access to international financial services and free imports of sanctioned goods for Russia.

On 26 May 2022, Tokayev said during a plenary session of the Eurasian Economic Forum that he had ordered the creation of "the most favoured regime for Russian entrepreneurs".⁵⁹ President Tokayev has instructed the Kazakhstani government to "prepare a favourable environment for the relocation of foreign businesses that have ceased operations in Russia", in particular through the financial hub the Astana International Financial Centre (AIFC).⁶⁰ As of the end of May 2022, some 200 companies from Russia were registered by the AIFC.⁶¹ Commenting on Tokayev's initiative, Alexander Shokhin, president of the Russian Union of Industrialists and Entrepreneurs, said that the creation of joint ventures with Kazakhstan would allow these companies to be "removed from the threats and risks associated with secondary sanctions".⁶²

In July 2022, Kazakhstan's Minister of Industry and Infrastructure Development, Kairbek Uskenbayev, said that 23 companies worth about USD 8.9bn are planned to relocate from Russia to Kazakhstan. These companies are focused on such products as electrical engineering and automotive electronics, mineral fertilisers, locomotive assembly and others. At the moment, 14 projects worth USD 444 million have been implemented as part of industrial cooperation between Russia and Kazakhstan.⁶³ Thus, it allows Russian companies relocated to Kazakhstan to freely acquire and re-export components and equipment for the Russian military-industrial complex.

In August 2022, the Prime Minister of the Republic of Kazakhstan Alikhan Smailov said the Kazakhstani authorities were working to move some 250 companies that left the Russian market to Kazakhstan. "These

⁵⁶ <https://kaztag.kz/ru/news/samruk-kazyna-obeshchaet-vyyti-iz-narushayushchikh-antirossiyskie-sanktsii-proektov>

⁵⁷ <https://kaztag.kz/ru/news/kazakhstan-ne-pozvolyaet-ispolzovat-svoyu-territoriyu-dlya-obkhoda-sanktsiy-mid>

⁵⁸ https://tengrinews.kz/kazakhstan_news/rossiyskie-kompanii-perezjayut-v-kazahstan-statistika-471971/

⁵⁹ https://tengrinews.kz/kazakhstan_news/tokaev-rasskazal-poruchenii-rossiyskim-biznesmenam-469531/

⁶⁰ <https://www.kommersant.ru/doc/5459864>

⁶¹ https://www.inform.kz/ru/rossiyskie-kompanii-proyavlyayut-bol-shoy-interes-k-mfca_a3937542

⁶² <https://24.kz/ru/news/economy/item/550519-rossijskie-promyshlenniki-rassmatrivayut-uglublenie-kooperatsii-s-kazahstanom>

⁶³ <https://informburo.kz/novosti/relokaciya-kompanij-iz-rossii-minindustrii-gotovit-23-proekta>

are mostly Western companies in non-resource sectors. We have made a target list, we have given information that Kazakhstan is interested in them coming to work in our market," Smailov said.⁶⁴

"Parallel import"

After the military invasion, major international companies announced that they would cease operations on the Russian market. In response, the Russian authorities said they would import goods without the permission of their producers.

In March 2022, the Kazakhstani government announced its intention to abolish the requirement for labels in Kazakh on imported goods, which would allow the re-export of imported goods from Kazakhstan to Russia.⁶⁵ In late April 2022, the Russian government legalised so-called "parallel imports" of goods in order to "meet the demand for goods containing the results of intellectual activity". In effect, smuggling was legalised in Russia. The Russian Ministry of Industry and Trade has compiled a list of about 200 brands whose products can be imported into Russia without the permission of the rights holder.⁶⁶

In early May 2022, Yerkebulan Orazalin, head of Almaty's Business and Investment Department, said that major Russian retailers Magnit and Lenta have asked for help in arranging supplies of goods to Russia from abroad. "Now to a greater extent, negotiations are underway to import foreign goods through Kazakhstan. This is a complicated process associated with a number of international restrictions," Orazalin said. The Kazakhstani government has entrusted the coordination of this process to the Kazakhstani Chamber of Entrepreneurs Atameken.⁶⁷

On 25 May 2022, reports emerged that major Russian retail chains had started selling appliances from well-known global brands (Apple, Samsung, PlayStation, Xbox, etc.) imported under parallel import conditions.⁶⁸ Such equipment first goes to one of the EAEU countries (Armenia, Kazakhstan, Kyrgyzstan) and then from there to Russia without the consent of the rights holder. According to some reports, the Russian authorities have consulted with Iranian representatives on how to circumvent Western sanctions and restrictions. According to Russian media reports, representatives of companies that have left the Russian market are not opposed to their products entering Russia through other countries.⁶⁹

Through "parallel imports", Russia has begun to import both household appliances, clothing and food products, as well as cars and car parts. For example, in June 2022, it was reported that Toyota and Lexus dealers were importing car parts and consumables into Russia through Kazakhstan. "The scheme is simple: the dealer in Kazakhstan buys a little more for himself and transfers the surplus to Moscow," the source said.⁷⁰ Some Lexus dealers are importing new vehicles through Kazakhstan. In November 2022, it was revealed that MAN truck tractors and Schmitz semi-trailers continue to be shipped to Russia with the help of Kazakhstani companies.⁷¹

In August 2022, Russian Prime Minister Mikhail Mishustin said during talks with the Prime Minister of Kazakhstan Alikhan Smailov that the states see "good prospects for the implementation of joint import substitution programmes". The sides also discussed the supply of "products required for industrial

⁶⁴ <https://www.kommersant.ru/doc/5526772>

⁶⁵ <https://kapital.kz/economic/103968/v-rk-khotyat-vremenno-otmenit-etiketki-na-gosyazyke-dlya-importnykh-tovarov.html>

⁶⁶ https://www.cnews.ru/news/top/2022-04-24_vlasti_razreshat_seryj

⁶⁷ https://tengrinews.kz/kazakhstan_news/krupnyie-rossiyskie-reteyleryi-hotyat-postavlyat-tovaryi-467822/

⁶⁸ <https://www.kommersant.ru/doc/5423930>

⁶⁹ https://www.cnews.ru/news/top/2022-05-25_v_rossii_nachalsya_parallelnyj

⁷⁰ https://kaztag.kz/ru/news/dilerov-toyota-i-lexus-ulichili-vo-voze-raskhodnikov-i-novykh-avto-v-rossiyu-cherez-kazakhstan?utm_source=facebook&utm_medium=cpc

⁷¹ <https://www.facebook.com/groups/ActivistsNotExtremists/posts/3434175103568415/>

cooperation" and "unimpeded export of goods", which probably implies increased volumes of "parallel imports".⁷²

Between May and August 2022, some USD 6.5 billion worth of goods were imported into Russia under the parallel import scheme. By early December 2022, more than USD 20 billion worth of goods had been imported into Russia under this scheme, including "cars, machines, equipment, processing lines."⁷³ According to Kazakhstan's National Statistics Bureau, in the first half of 2022, electronics exports from Kazakhstan to Russia increased significantly. For example, exports of mobile phones increased more than 2,000 times, from USD 37,000 to USD 78 million, compared to 2021. Imports of other electronics to Russia from Kazakhstan - laptops, processors, controllers, memory cards, smart cards, etc. - have also increased significantly.⁷⁴

According to the Economic Research Institute, between January and August 2022, "exports of televisions, monitors and projectors increased by 312 times, computers by 215 times and telephones by 88 times".⁷⁵ The EU has expressed concern about the abnormal increase in imports of consumer electronics from the EU to Kazakhstan and the increase in shipments of white goods from Kazakhstan to Russia, as components of some goods may be used for "military purposes".⁷⁶

According to official statistics, in 2022 total exports of goods from Kazakhstan to Russia increased by 15.1% compared to 2021 (up to KZT 5.9 billion). The largest increase was seen in exports of machinery, equipment, vehicles, instruments and devices - by 284%.⁷⁷

One of the largest sites through which parallel imports are carried out has been Russia's largest online retailer Wildberries. After the launch of parallel imports, the company increased the area of its logistics centre in Kazakhstan by 2.5 times (up to 10,000 sq. m.) to "give local sellers space to increase their assortment". Between January and May 2022, sellers from Kazakhstan increased their turnover at the site by 584%.⁷⁸

Assistance in lifting sanction restrictions for the purchase of Russian subsidiary banks and for the operation of Russian payment systems in Kazakhstan

International sanctions have been imposed against the largest Russian banks, which traditionally occupy a significant part of Kazakhstan's banking sector. Kazakhstan's leadership, **through its state agencies** in Kazakhstan, including the Ministry of Foreign Affairs, the National Bank of Kazakhstan, the Agency for Regulation and Development of the Financial Market and National Management Holding Baiterek, has **lobbied the West to ease or lift sanctions against financial institutions and instruments**, including Sberbank Kazakhstan, Alfa-Bank Kazakhstan and Mir payment system.^{79, 80, 81, 82, 83} On 6 April 2022, two banks owned by Russian shareholders, Sberbank Kazakhstan and Alfa-Bank, came under US blocking sanctions.⁸⁴

⁷² <https://kaztag.kz/ru/news/smailov-mishustinu-nam-sleduet-prodolzhat-rabotu-s-uchetom-vzaimnykh-interesov>

⁷³ <https://www.rbc.ru/rbcfreenews/63a03d539a794723e774bb17>

⁷⁴ <https://lenta.ru/news/2022/08/18/kzexport/>

⁷⁵ <https://rus.azattyk.org/a/32131171.html>

⁷⁶ <https://www.gazeta.ru/business/news/2022/10/30/18914299.shtml>

⁷⁷ https://tengrinews.kz/kazakhstan_news/eksport-tovarov-iz-kazakhstana-v-rossiyu-vyiros-za-god-485209/

⁷⁸ <https://oborot.ru/news/wildberries-v-25-raza-uvelichil-ploshhadi-logisticheskogo-centra-v-kazakhstane-i161490.html>

⁷⁹ <https://ru.sputnik.kz/20221210/byvshuyu-dochku-sberbanka-v-kazakhstane-vyvodyat-iz-pod-sanktsiy--30227589.html>

⁸⁰ <https://kapital.kz/finance/107325/v-eco-center-bank-prokomentirovali-isklyucheniye-iz-sanktsionnogo-spiska-ssha.html>

⁸¹ <https://www.dw.com/ru/banki-kazakhstana-polucili-razresenie-ssa-na-operacii-s-kartami-mir/a-64047616>

⁸² <https://kz.kursiv.media/2022-10-14/ofac-prodlilo-do-konca-goda-srok-zaversheniya-sdelok-s-byvshej-dochkoj-sberbanka/>

⁸³ <https://informburo.kz/novosti/alfa-bank-kazakhstan-mozet-vyiti-iz-sanktsionnogo-spiska-posle-pokupki-bck>

⁸⁴ <https://www.forbes.ru/finansy/461649-sberbank-i-al-fa-bank-popali-pod-blokirusie-sankcii-ssa-cto-eto-znacit>

Deal made in relation to Sberbank Kazakhstan:

The only shareholder of Sberbank Kazakhstan at the time of the sanctions list was the Russian Joint Stock Company Sberbank of Russia. Its ultimate shareholder is the Central Bank of the Russian Federation.⁸⁵ On 13 April 2022, Timur Kulibayev, son-in-law of former Kazakhstani President Nursultan Nazarbayev, purchased part of the loan portfolio of sanctioned Sberbank Kazakhstan through his subsidiary Halyk Bank (translated as "Peoples' Savings Bank"). The deal was valued at more than USD 730 million.⁸⁶

On 30 May 2022, the shareholder of Sberbank Kazakhstan, Sberbank Russia, decided to pay a shareholder dividend of 99.99% of Sberbank Kazakhstan's net profit, which was approximately USD 300 million).⁸⁷

On 18 August 2022, the Kazakhstani government-backed financial holding Baiterek purchased the entire block of shares in Sberbank Kazakhstan from a Russian shareholder.⁸⁸ The amount of the deal was not disclosed, but it should be taken into account: 1) that the capital of Sberbank Kazakhstan at the end of 2021 was about USD 900 million; 2) declared dividends at the end of 2021 amounted to about USD 300 million; 3) 25% of the loan portfolio of Sberbank Kazakhstan was sold for USD 730 million.⁸⁹ This allows us to conclude that the **amount of the deal exceeds USD 2 billion. Thanks to the efforts of the Kazakhstani authorities, the Russian economy received this amount.** Since the government is the sole shareholder of Baiterek holding, the bank was in fact bought out with Kazakhstani taxpayer funds. After the rebranding, the bank is called *Bereke Bank*.⁹⁰

The Kazakhstani authorities are trying to have the renamed bank removed from the sanctions list.⁹¹ The active lobbying of the Kazakhstani state agencies for the lifting of sanctions imposed on Sberbank Kazakhstan is confirmed by the report of the Agency for Regulation and Development of the Financial Market of Kazakhstan: "*The joint efforts of the Agency, the Ministry of Foreign Affairs of Kazakhstan and the Baiterek National Management Holding have enabled the extension of the licence term by OFAC to enable the transaction with Bereke Bank JSC to be completed by 31 December of this year*".⁹²

Thanks to active lobbying by the Kazakhstani authorities, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury issued a general licence which extended the deadline for completing transactions with Sberbank Kazakhstan JSC by three months, from 13 April 2022 to 12 July 2022. Subsequently, this licence was extended until the end of 2022. This means that during this period the bank will continue to operate in a normal mode and its customers will have access to transactions with

⁸⁵ <https://forbes.kz/ranking/object/7>

⁸⁶

https://www.google.com.ua/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjyual0ov8AhUFqIsKHQ1GB70QFnoECA0QAQ&url=https%3A%2F%2Fwww.forbes.ru%2Ffinansy%2F462367-narodnyj-bank-kazakhstana-vykupil-tret-kreditnogo-portfela-mestnoj-docki-sbera&usg=AOvVaw1jSOFjZ_ApoRI7gCTY61jk

⁸⁷ <https://kapital.kz/finance/106005/sberbank-kazakhstan-napravit-99-9-chistoy-pribyli-za-2021-god-na-vyplatu-dividendov.html>

⁸⁸ <https://forbes.kz/ranking/object/7>

⁸⁹

[https://forbes.kz/ranking/object/7#:~:text=%D0%A0%D0%B5%D0%B9%D1%82%D0%B8%D0%BD%D0%B3%20%D0%B1%D0%B0%D0%BD%D0%BA%D0%BE%D0%B2%20%D0%9A%D0%B0%D0%B7%D0%B0%D1%85%D1%81%D1%82%D0%B0%D0%BD%D0%B0%20\(%D0%B8%D1%8E%D0%BD%D1%8C%202022\)&text=%D0%9F%D0%BE%20%D0%B8%D1%82%D0%BE%D0%B3%D0%B0%D0%BC%202021%20%D0%B3%D0%BE%D0%B4%D0%B0%20%D0%94%D0%91,%D1%81%20%D0%BF%D1%80%D0%BE%D1%88%D0%BB%D0%BE%D0%B3%D0%BE%D0%B4%D0%BD%D0%B5%D0%B3%D0%BE%20%D1%82%D1%80%D0%B5%D1%82%D1%8C%D0%B5%D0%B3%D0%BE%20%E2%80%93%20378%20%D0%BC%D0%BB%D1%80%D0%B4](https://forbes.kz/ranking/object/7#:~:text=%D0%A0%D0%B5%D0%B9%D1%82%D0%B8%D0%BD%D0%B3%20%D0%B1%D0%B0%D0%BD%D0%BA%D0%BE%D0%B2%20%D0%9A%D0%B0%D0%B7%D0%B0%D1%85%D1%81%D1%82%D0%B0%D0%BD%D0%B0%20(%D0%B8%D1%8E%D0%BD%D1%8C%202022)&text=%D0%9F%D0%BE%20%D0%B8%D1%82%D0%BE%D0%B3%D0%B0%D0%BC%202021%20%D0%B3%D0%BE%D0%B4%D0%B0%20%D0%94%D0%91,%D1%81%20%D0%BF%D1%80%D0%BE%D1%88%D0%BB%D0%BE%D0%B3%D0%BE%D0%B4%D0%BD%D0%B5%D0%B3%D0%BE%20%D1%82%D1%80%D0%B5%D1%82%D1%8C%D0%B5%D0%B3%D0%BE%20%E2%80%93%20378%20%D0%BC%D0%BB%D1%80%D0%B4)

⁹⁰ <https://kapital.kz/finance/108841/sberbank-kazakhstan-ofitsial-no-pereimenovan-v-bereke-bank.html>

⁹¹ <https://ru.sputnik.kz/20221210/byvshuyu-dochku-sberbanka-v-kazakhstane-vyvodyat-iz-pod-sanktsiy--30227589.html>

⁹²

<https://www.google.com.ua/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwiPxMbV0ov8AhVixosKHdDgBE4QFnoECAgQAQ&url=https%3A%2F%2Fkz.kursiv.media%2F2022-10-14%2Fofac-prodlilo-do-konca-goda-srok-zaversheniya-sdelok-s-byvshej-dochkoj-sberbanka%2F&usg=AOvVaw0ttGRYUWPAfDbnMVoxPcrl>

payments and transfers in tenge and roubles (taxes, duties, social contributions, etc.) without any restrictions on amounts.⁹³

Kanat Sharlapayev, the head of Baiterek Holding, said that the holding plans to sell Sberbank Kazakhstan (Bereke Bank) after the bank is removed from sanctions and resumes operations. "The dialogue on the removal of this bank from the sanctions lists in the case of the presence of state shareholders is greatly facilitated,"⁹⁴ Sharlapayev said. It was thus confirmed that the change of shareholders was needed to formally lift sanctions against the bank. It is possible that in the future the bank will again be returned to the former Russian shareholders through shell companies. Sharlapayev made the unusual statement that preference should be given to foreign investors.

Deal made in relation to Alfa-Bank Kazakhstan:

On 20 April 2022, Kazakhstan-based Bank Center Credit announced the purchase of sanctioned Alfa-Bank Kazakhstan, a subsidiary of sanctioned Alfa-Bank Russia.⁹⁵ The exact purchase price paid to the Russian shareholder was not disclosed.

The new owner renamed Alfa-Bank Kazakhstan to Eco Center Bank. The seller's and buyer's websites explicitly stated that "the measures taken will facilitate the bank's removal from the sanctions lists of the US and several other countries". Following public criticism on social media by civil society and the opposition, the message disappeared from the websites of both financial institutions on the same day. On the morning of 21 April 2022, an updated version of the press release appeared, which no longer suggested "facilitating" the bank's removal from the sanctions list.⁹⁶

On 6 September 2022, Eco Center Bank announced that it had ceased to exist and merged with Bank CenterCredit.⁹⁷

As practice has shown, a formal change of ownership has proven to be an effective mechanism for lifting sanctions imposed on former Russian banks:

- In July 2022, the US lifted sanctions imposed on Eco Centre Bank.⁹⁸ To get sanctions lifted from the bank, representatives of the Agency of the Republic of Kazakhstan for Regulation and Development of Financial Market visited the US, where they "explained" the details of the deal to the Office of Foreign Assets Control (OFAC).⁹⁹
- In the case of the change of Sberbank Kazakhstan's shareholders, the US also accommodated the new shareholders and extended the licence until 31 December 2022, the deadline for completing the change of ownership of Sberbank Kazakhstan.¹⁰⁰

Kazakhstan is one of the few countries where the Russian Mir payment system operates. In August 2022, Sberbank Kazakhstan began issuing Mir payment cards. The Bank's customers who issued Mir cards were able to access most transactions - replenishing and withdrawing cash from ATMs, making payments for goods and services via POS terminals, and ecom-operations in the network of Mir payment system

⁹³ <https://kapital.kz/finance/106005/sberbank-kazakhstan-napravit-99-9-chistoy-pribyli-za-2021-god-na-vyplatu-dividendov.html>

⁹⁴ <https://tengrinews.kz/money/bayterek-planiruet-prodat-sberbank-kazakhstan-477672/>

⁹⁵ https://tengrinews.kz/kazakhstan_news/bank-tsentrkredit-priobretaet-alfa-bank-kazakhstan-466922/

⁹⁶ <https://rus.azattyq.org/a/31814099.html>

⁹⁷ <https://tengrinews.kz/money/eco-center-bank-obyavil-o-prekraschenii-svoey-deyatelnosti-477148/>

⁹⁸ <https://frankrg.com/78535>

⁹⁹ <https://rus.azattyq.org/a/kazakhstan-baiterek-sber-sanctioned-bank/32031450.html>

¹⁰⁰ <https://kz.kursiv.media/2022-10-14/ofac-prodlilo-do-konca-goda-srok-zaversheniya-sdelok-s-byvshej-dochkoj-sberbanka/>

partners.¹⁰¹ In September 2022, the US Department of Treasury expressed its willingness to impose sanctions on financial institutions that help use Mir cards outside of Russia.¹⁰²

The US Department of Treasury acknowledged that such institutions "support Russia's efforts to circumvent sanctions". Following a warning from the US Department of Treasury, one of Kazakhstan's largest banks, Halyk Bank, temporarily suspended transactions with Mir payment cards at ATMs.¹⁰³ Other major Kazakhstani banks - VTB, Bereke Bank (formerly Sberbank), Bank CenterCredit - have left the possibility for Mir cardholders to withdraw money from ATMs. On 6 April 2022, the National Bank of Kazakhstan said it would not interfere with banks' cooperation with the Mir payment system.¹⁰⁴

On 8 December 2022, through lobbying by the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan, the US Department of Treasury permitted individuals, namely Russian nationals, travelling to Kazakhstan to continue to use the Mir payment system in Kazakhstan.¹⁰⁵

Circumventing financial sanctions

Deputy Prime Minister and Finance Minister Yerulan Zhamaubayev confirmed that Kazakhstan and Russia are negotiating the purchase of the Russian share (66% controlling interest) of the Eurasian Development Bank (EDB) by Kazakhstan in order to prevent sanctions against the EDB.¹⁰⁶

In June 2022, Russian media reported that the Russian Central Bank, the St Petersburg Stock Exchange and major brokers (notably Freedom Holding Corp.) were considering the idea of creating a separate stock exchange in Kazakhstan so that Russians could trade in foreign securities through it to circumvent Western sanctions. The new stock exchange could be created on the basis of the Astana International Financial Centre. It is also worth noting that Moscow Exchange owns a 13% stake in the Kazakhstan Stock Exchange (KASE).¹⁰⁷

In October 2022, Ukraine approved sanctions against Timur Turlov and investment company Freedom Finance Ukraine, which is part of Freedom Holding Corp. headquartered in Almaty. The National Security and Defence Council of Ukraine has blocked all assets of the company and its clients. The founder and major shareholder of Freedom Holding Corp. Timur Turlov was born in Russia, but in June 2022 he changed his citizenship to Kazakhstan. In October 2022, it was announced that the company's Russian assets (Freedom Finance) were sold to one of its top managers, Maxim Povalishin.¹⁰⁸ Likely, this was Turlov's way of trying to avoid sanctions. After the sale, the company's corporate ties remained the same, as Russian Freedom Finance is a participant in Kazakhstan's Freedom Finance JSC.¹⁰⁹ It is worth noting that 91% of the authorised capital of Freedom Finance Ukraine belongs to Askar Tashtitov, president of Freedom Holding Corp. After being put on the Ukraine sanctions list, Timur Turlov said that the sanctions were

¹⁰¹ https://forbes.kz/finances/finance/v_kazahstane_nachali_vyipuskat_kartyi_mir/

¹⁰² https://meduza.io/news/2022/09/15/minfin-ssha-prigozil-sanktsiyami-tem-kto-pomogaet-ispolzovat-karty-mir-za-predelami-rossii?utm_source=facebook&utm_medium=main&fbclid=IwAR3fRF5U0068YXYg_RQB3ggdH0k2eBx1izak17jqsMBMR5BF456-TXJzDDI

¹⁰³ https://meduza.io/news/2022/09/21/krupneyshiy-bank-kazahstana-perestal-prinimat-karty-mir-v-bankomatah?utm_source=facebook&utm_medium=main&fbclid=IwAR1RrQJ5nNn_HbdiMvV0VPIFHubp8_OpLhCQORfsw6iv05qXPq735oMctU

¹⁰⁴ <https://ria.ru/20220406/mir-1782020251.html>

¹⁰⁵ <https://www.gov.kz/memleket/entities/ardfm/press/news/details/473187?lang=ru>

¹⁰⁶ <https://tengrinews.kz/sng/kazahstan-obsujdaet-sdelku-pokupke-doli-rossii-eabr-vitse-475519/>

¹⁰⁷ <https://frankrg.com/74360>

¹⁰⁸ <https://forbes.ua/ru/money/sanktsii-dlya-eksrosiyanima-yak-vlashtovaniy-kholding-freedom-finance-timura-turlova-vartistyu-35-mlrd-shcho-potrapiv-dospiskiv-rnbo-35-mlrd-grn-ukrainskikh-investoriv-zablokovani-28112022-10062>

¹⁰⁹ <https://almaty-ffin.kz/>

imposed "mechanically" and expressed confidence that they would manage to be removed from the sanctions list in late 2022 or early 2023.¹¹⁰

Shortly after Russia's military invasion of Ukraine, information emerged about the relocation of top managers and employees of Russian Freedom Finance to Kazakhstan. It was also reported that the relocated employees would continue to work with Russian clients and facilitate the transfer of their brokerage accounts to Freedom Finance Global (a Kazakhstan subsidiary of Freedom Holding Corp. registered in the Astana International Financial Centre).¹¹¹

In November 2022, in one week alone, the volume of trading with the Kazakh Tenge on the Moscow Exchange increased 3-4 times compared to summer 2022, indicating that Russian businessmen use payment intermediaries in Kazakhstan to conduct international financial transactions, including the purchase of sanctioned goods.¹¹²

Military cooperation

In the Russia-Ukraine war Kazakhstan is trying to create a picture of neutrality and does not openly support either side of the conflict. At the same time, the Kazakhstani authorities, through the Ministry of Foreign Affairs of the Republic of Kazakhstan and Kazakhstani embassies abroad, actively inform Western politicians that they fear Russian military aggression and the occupation of Northern and Western Kazakhstan. However, during the months of full-scale war, cooperation between Kazakhstan and Russia has only intensified.

Kazakhstan and Russia are members of a politico-military bloc, the Collective Security Treaty Organisation (CSTO). As such, military cooperation between Kazakhstan and Russia is very close and of strategic dimension. At the end of 2021, Russia and Kazakhstan signed a program of the strategic military partnership for 2022-2024. On 17 February 2022, the Kazakh Senate ratified a new treaty on military cooperation between Kazakhstan and Russia, which was signed back in 2020.

Despite a full-scale war in Ukraine, and alleged fears of Russian military invasion, Kazakhstan continues to participate in joint military exercises with Russia.

In April 2022, Kazakhstan hosted the Regional Security - 2022 command post exercise of the CIS Common Regional Air Defence System (CRAS). The aim of the exercise was to practise the use of the forces of the united regional air defence system of Kazakhstan and Russia. "The main goals and objectives of the joint exercise are... to practise cooperation in the preparation and conduct of combat operations by troops (forces) of the Unified Regional Air Defence System of the Republic of Kazakhstan and the Russian Federation in the Central Asian region of collective security, and to study problematic issues in the joint use of troops (forces)," Russian Colonel General Yuriy Grekhov.¹¹³

Kazakhstan participated in exercise Vostok 2022, which took place from 1-7 September 2022 in Russia. Kazakhstan participates annually in the Army International Games (AIG), an international military competition organised by Russia. Teams from authoritarian states from around the world traditionally take part in the competition. In 2022, Kazakhstan not only participated in the competition, but also hosted

¹¹⁰ <https://kapital.kz/finance/111235/timur-turlov-ukrainskiye-sanktsii-byli-nalozheny-mekhanicheski.html>

¹¹¹ <https://frankrg.com/80575>

¹¹² <https://rus.azattyq-ruhy.kz/economics/43686-rossiiane-perekhodiat-na-tenge-valiutu-rekordno-skupaiut-na-moskovskoi-birzhe>

¹¹³ <https://ru.sputnik.kz/20220413/kazakhstan-i-rossiya-proveli-sovmestnye-ucheniya-po-pvo-24172035.html>

some of them on its territory. In August 2022, a joint military special forces exercise between Kazakhstan and Belarus was held.¹¹⁴ The exercise was conducted in Kazakhstan.¹¹⁵

There are three military sites in Kazakhstan that Russia rents and conducts tests of new and advanced weapons there. For example, the last such test took place on 2 December 2022, when Russia tested a new missile-defence system rocket at the Sary Shagan test site in Kazakhstan.¹¹⁶

On 23 June 2022, Russian Defence Minister Sergei Shoigu held talks with Kazakhstan's Defence Minister Ruslan Zhaksylykov and said that "the Russian military sees Kazakhstan as Russia's main strategic ally and most important partner."¹¹⁷ Kazakhstan's Defence Minister said that the treaty on developing military cooperation between the two states will develop further.

In addition, Russia uses the Caspian Sea water area to launch missiles at Ukrainian territory. In 2018, the five Caspian states (including Russia and Kazakhstan) signed the Convention on the Legal Status of the Caspian Sea, agreeing to use the sea for peaceful purposes. Missiles are launched into Ukrainian territory directly from the airspace, which is controlled by Russia and Kazakhstan, but Kazakhstan has not officially reacted in any way.¹¹⁸

In November 2022, Vadym Skibitsky, a spokesman for the Ukrainian Defence Ministry's Main Directorate of Intelligence, said that Kazakhstan and Uzbekistan were supplying Russia with "American and Japanese civilian components" needed to build missiles.¹¹⁹ The Kazakhstani authorities said this information was untrue. The Security Service of Ukraine revealed that the management of a Ukrainian company "has established supplies of components for repair and maintenance of the machine-building industry. These are gears, sectional pumps, hydraulic motors and hydraulic equipment, which are used in military equipment, among other things".¹²⁰ One of the countries through whose territory relevant goods have been shipped to Russia is Kazakhstan.

Civil society and the opposition in Kazakhstan periodically publish photo and video evidence of military equipment sent to Russia from Kazakhstan, truck tractors of European manufacturers, which are banned for re-export due to sanctions. However, the Kazakhstani authorities successfully use verbal denials on any published facts of arms, heavy equipment transfers from Kazakhstan to Russia. Thus, Kazakhstan itself refutes its own propaganda that the country observes neutrality and is afraid of invasion of the territory of Kazakhstan by Russian troops.^{121, 122}

4. DISINFORMATION OPERATIONS TO CREATE AN IMAGINARY CONFRONTATION BETWEEN RUSSIA AND KAZAKHSTAN

Kazakhstan, as a member of the Eurasian Economic Union (EAEU) - in which Russia actually leads - plays an important role in Russia's circumvention of international sanctions. Kazakhstan has successfully used disinformation campaigns and rhetoric to create and maintain an image of an "independent" or at least

¹¹⁴ <https://24.kz/ru/news/social/item/561433-armi-2022-kazakhstan-v-trojke-liderov>

¹¹⁵ <https://informburo.kz/novosti/specnazy-kazaxstana-i-belarusi-provodyat-uceniya-v-almatinskoi-i-zetysuskoi-oblastyax>

¹¹⁶ <https://www.rbc.ua/ukr/news/rosiya-provela-kazahstani-viprobuvannya-novoyi-1669971348.html>

¹¹⁷ https://function.mil.ru/news_page/country/more.htm?id=12426273@egNews&fbclid=IwAR2dZDk6mp-mLyy9-FJMfEdswDGW9zAV52P3hINQIR6DTaxhnp__Tp1Jrfs&mibextid=onnTyB&fs=e&s=cl

¹¹⁸ <https://rus.azattyq.org/a/32145041.html>

¹¹⁹ https://www.repubblica.it/esteri/2022/10/31/news/ucraina_servizi_segreti_iran_addestra_russi_crimea-372441671/

¹²⁰ <https://sud.ua/ru/news/ukraine/256237-sbu-razoblachila-ukrainskoe-predpriyatie-postavlyavshee-v-rf-zapchasti-dlya-voennoy-tehniki-foto>

¹²¹ https://tengrinews.kz/kazakhstan_news/minoboronyi-otvetili-informatsiyu-perevozke-tankov-rossiyu-485611/

¹²² <https://tengrinews.kz/news/kazakhstan-otpravlyaet-voennuyu-tehniku-rossiyu-minoboronyi-479037/>

"neutral" from Russia Kazakhstan. The following examples demonstrate how the appearance of "confrontation" between the two countries has been created and maintained, as well as the image of a supposedly "independent" from Russia Kazakhstan, which could supposedly be the target of the next Russian invasion after Ukraine.

Positioning Kazakhstan as a "victim of an alleged attack" by Russia

Kazakhstan and Russia are engaged in a disinformation campaign involving Russian deputies and propagandists who make provocative and aggressive statements about Kazakhstan.^{123,124} The Kazakhstani authorities use these statements to promote their propaganda in the West as evidence of threats from Russia. With their help, the Kazakhstani authorities seek cooperation from the West and completely ignore Kazakhstan's assistance to Russia in circumventing the sanctions. Through such simple disinformation techniques, the Kazakhstani authorities avoid secondary sanctions.

Information noise to divert attention from the change of shareholders of Russian-sanctioned banks in Kazakhstan

On 13 April 2022, the Ministry of Defence of the Republic of Kazakhstan stated that Kazakhstan has no plans to hold a military parade for Victory Day¹²⁵ in 2022.¹²⁶ On 24 April 2022, Tigran Keosayan, the husband of Margarita Simonyan, editor-in-chief of "Russia Today", responded by publishing a video message in which he made several statements against Kazakhstan, hinting that Kazakhstan may face Ukraine's fate.¹²⁷ In response, the Ministry of Foreign Affairs of Kazakhstan said that Tigran Keosayan may be included in the list of persons banned from entering Kazakhstan.¹²⁸

In the media clamour of "confrontation", the news that Timur Kulibayev, son-in-law of Nursultan Nazarbayev, bought a part of the loan portfolio of the sanctioned Sberbank Kazakhstan from a Russian shareholder on 13 April 2022, went unnoticed.¹²⁹

The news that **on 20 April 2022**, Kazakhstan's Bank CenterCredit announced its purchase of sanctioned Alfa-Bank Kazakhstan, a subsidiary of sanctioned Alfa-Bank Russia, also received little attention.¹³⁰

¹²³ <https://newtimes.kz/mir/157288-rossijskij-politik-obespokoilsya-polozheniem-russkih-v-kazahstane>

¹²⁴ <https://ulymedia.kz/news/15605-kazahstan-sleduiushchaia-problema-posle-ukrainy-kak-v-kremle-otreagirovali-na-skandalnye-vyskazyvaniia/>

¹²⁵ A holiday celebrated annually in Russia and in some of the former Soviet Union countries on 9 May to commemorate the victory in the Second World War. Russian state propaganda uses the holiday to promote the cult of the so-called "Great Victory", which is an important element of Putin's modern Russian ideology.

¹²⁶ https://tengrinews.kz/kazahstan_news/v-kazahstane-ne-budet-voennogo-parada-v-den-pobedy-466348/

¹²⁷ <https://www.currenttime.tv/a/31825707.html>

¹²⁸

<https://russian.eurasianet.org/%D0%BA%D0%B0%D0%B7%D0%B0%D1%85%D1%81%D1%82%D0%B0%D0%BD-%D0%B4%D0%B0%D0%BB-%D0%BE%D1%82%D0%BF%D0%BE%D1%80-%D0%B2%D0%B8%D0%B4%D0%BD%D0%BE%D0%BC%D1%83-%D1%80%D0%BE%D1%81%D1%81%D0%B8%D0%B9%D1%81%D0%BA%D0%BE%D0%BC%D1%83-%D0%BF%D1%80%D0%BE%D0%BF%D0%B0%D0%B3%D0%B0%D0%BD%D0%B4%D0%B8%D1%81%D1%82%D1%83>

¹²⁹ https://forbes.kz/leader/hroniki_milliarderov_1650595294/?fbclid=IwAR0hCb3BCEpSf5IyV4LzJrsWRzt3T1WKvvNTXuqSCx_R4WRsnrURwXyS_w

¹³⁰ https://tengrinews.kz/kazahstan_news/bank-tsentrkredit-priobretaet-alfa-bank-kazahstan-466922/



Tokayev's speech at the St Petersburg Economic Forum

On 17 April 2022, as the only leader of a foreign state at the St. Petersburg Economic Forum, Tokayev declared "non-recognition of the quasi-state territories of Luhansk and Donetsk".¹³¹ In doing so, he provoked a storm of positive comments from the Ukrainian media, politicians and bloggers, as well as from Russian opposition and public figures.^{132, 133, 134, 135, 136} Many Ukrainian and Russian (opposition) activists perceived Tokayev's statements as a "slap in the face for Putin". The Russian leadership responded negatively with statements from Chechen leader Ramzan Kadyrov: "When Kazakhstan began to lose its sovereignty, who helped? Russia, without fear of sanctions".¹³⁷ Konstantin Zatulin, deputy chairman of the committee of the State Duma for the CIS, also commented on Tokayev's words: "When no one expects anything from them, they could at least keep quiet".¹³⁸

However, the supposed "confrontation" between the Kazakhstani and Russian leaderships did not remain at the level of rhetoric. To reinforce the picture of "cooling" of relations between Kazakhstan and Russia, information fakes were spread that Russia had allegedly restricted the shipment of Kazakhstani oil through the Caspian Pipeline Consortium (CPC), which runs through Russian territory, while Kazakhstan had allegedly in response blocked 1,700 railcars with Russian coal on Kazakhstan's territory.^{139, 140} After false news reports spread across Ukrainian and international media, the Kazakhstani authorities denied reports of blocking 1,700 railcars with Russian coal, as well as reports of alleged restrictions on shipments of Kazakhstani oil.^{141, 142, 143, 144} Refutations were necessary because there was in fact no restriction on the shipment of Kazakhstani oil and no blocking of railcars with Russian coal; the main goal of creating the appearance of "confrontation" had already been achieved through the mass distribution of fake news. Such disinformation techniques have been used systematically over the past year.

¹³¹ <https://www.currenttime.tv/a/tokayev-na-forume-nazval-dnr-i-lnr-kvazigosudarstvennymi-territoriyami/31903169.html>

¹³² <https://www.youtube.com/watch?v=2MEaOnOGmyl>

¹³³ <https://www.youtube.com/watch?v=r7OfsKLYnoo>

¹³⁴ <https://www.youtube.com/watch?v=JY9aEkf3I6c>

¹³⁵ https://www.youtube.com/watch?v=h7NGGe_Cb3w

¹³⁶ <https://www.youtube.com/watch?v=MHRhtd79XSc>

¹³⁷ <https://lenta.ru/news/2022/06/18/odkb/>

¹³⁸ <https://lenta.ru/news/2022/06/18/dnrlnr/>

¹³⁹ https://forbes.kz/process/energetics/rossiya_priostanovila_otgruzku_nefti_cherez_ktk/

¹⁴⁰ <https://focus.ua/world/519488-kazahstan-zablokiroval-1700-vagonov-s-rossijskim-uglem-smi>

¹⁴¹ <https://www.epravda.com.ua/rus/news/2022/08/22/690672/>

¹⁴² https://tengrinews.kz/kazahstan_news/soobscheniya-blokirovke-rossijskogo-uglya-kazahstane-nazvali-471330/

¹⁴³ https://tengrinews.kz/kazahstan_news/boepriyasi-dne-situatsii-eksportom-kazahstanskoy-nefti-471333/

¹⁴⁴ https://tengrinews.kz/kazahstan_news/boepriyasi-dne-situatsii-eksportom-kazahstanskoy-nefti-471333/

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Examples of news reports on the alleged suspension of Kazakhstani oil shipments through the CPC and the blockage of Russian coal in Kazakhstan.

On 24 June 2022, it was reported that Russian propagandist Tigran Keosayan was included by Kazakhstan in the list of "undesirable persons".¹⁴⁵ This move by Kazakhstan was interpreted by Russian propagandists, and unfortunately by a number of Russian opposition figures and bloggers, as a retaliatory measure for allegedly restricting the shipment of Kazakhstani oil. The news was published two months after his statement, and a week after Tokayev's statement at the St Petersburg Economic Forum, which he made on 17 June 2022.

On 23 June 2022 the head of Agency for regulation and development of financial market Madina Abylkasymova has informed that Kazakhstani National Management Holding Baiterek **is negotiating about the purchase of the sanctioned Sberbank subsidiary in Kazakhstan**.¹⁴⁶ The deal was made in August 2022.

Most journalists in Kazakhstan interpreted Tokayev's statements at the St Petersburg Economic Forum as a demonstration of an independent position from Putin and an expression of support for Ukraine. However, commenting on Tokayev's speech at the St. Petersburg Economic Forum, Ukrainian Foreign Minister Dmytro Kuleba cooled down the enthusiasm of Kazakhstani journalists:

"We follow your relations very closely and see that President Tokayev is implementing a policy of supporting relations with Russia on the one hand, while at the same time defending his country's sovereignty. But if you have said A, you must also say B. This war is about the violation of the principle of territorial integrity of the state, which is very important for Kazakhstan. Yes, your president has expressed a principled position on non-recognition of the LPR and DPR, but Kazakhstan has refused to participate in the summit of the Crimean platform. Isn't this the same thing?"¹⁴⁷

¹⁴⁵ <https://rus.azattyq.org/a/31912993.html>

¹⁴⁶ https://tengrinews.kz/kazakhstan_news/holding-bayterek-vedet-peregovoryi-pokupke-sberbanka-471595/

¹⁴⁷ <https://exclusive.kz/dmitrij-kuleba-mid-ukrainy-priznaki-gibridnoj-vojny-v-kazhstane-uzhe-est/>

17 June: Tokayev's statement at the St. Petersburg International Economic Forum

19 June: False news (Russia "restricted" shipment of Kazakhstani oil, Kazakhstan "blocked" 1700 railcars with Russian coal)

23 June: Statements about the negotiation for the purchase of sanctioned Sberbank subsidiary in Kazakhstan.

24 June: Reports of Tigran Keosayan's inclusion in the list of "undesirable persons".

18 June: "Responses" from the Chechen leader and State Duma deputy.

20 June: Refutation of fake news

23 June: Statement of the Russian Ministry of Foreign Affairs about "respecting" Kazakhstan's position

How Kazakhstan avoided sanctions for helping to steal Ukrainian grain

Kazakhstan has been implicated in the scandal surrounding the export of grain from Ukraine, which was stolen by Russia. The ship Zhibek Zholy, owned by the Kazakhstani company KTZExpressShipping JSC and leased to the Russian company Green Line LLC, was involved in the export from the occupied port of Berdyansk of about 7,000 tonnes of grain, which had been stolen by Russia in Ukraine. On 1 July 2022, Kazakhstan's National Company "Kazakhstan Temir Zholy" stated that the transportation had been carried out at Ukraine's request. However, this information did not correspond to reality. According to the vessel's lease agreement, the ship owner had the right to terminate the contract if the lessee was subject to international sanctions. However, the Kazakhstani company did not do so.¹⁴⁸

In order to divert attention from the topic of facilitating the theft of Ukrainian grain, the topic of Kazakhstan's possible involvement in overcoming the energy crisis in Europe was launched into the information space. On 4 July 2022, President Tokayev had a telephone conversation with the President of the European Council, Charles Michel, and offered to help stabilise the energy market in Europe.¹⁴⁹

The very next day, on 5 July 2022, a Russian court suspended the Caspian Pipeline Consortium (CPC) for one month, which was seen by many Russian public figures, experts and bloggers as Moscow's response to Tokayev's offer to help the EU solve its energy crisis.^{150, 151} However, the actual violation of Russian law

¹⁴⁸ <https://kaztag.kz/ru/news/perevozka-zerna-sudnom-zhibek-zholy-iz-berdyanska-v-turtsiyu-osushchestvlyatsya-po-prosbe-ukrainy-k>

¹⁴⁹ https://tengrinews.kz/kazakhstan_news/prezident-tokaev-pogovoril-s-glavoy-evrosoveta-472391/

¹⁵⁰ The Caspian Pipeline Consortium is the company that operates the oil pipeline through which oil from fields in western Kazakhstan is transported to the Russian port at Novorossiysk.

¹⁵¹ https://tengrinews.kz/world_news/rossiyskiy-sud-priostanovil-deyatelnost-ktk-na-mesyats-472503/

that formed the basis of the judgement was charged against the Caspian Pipeline Consortium **as early as 6 June 2022**.¹⁵²

On 6 July 2022, the Ministry of Finance of the Republic of Kazakhstan announced that it was tightening export rules for goods to Russia, and on 7 July 2022 Tokayev instructed to diversify oil export routes from Kazakhstan, such as developing a trans-Caspian export route that bypasses Russian territory. However, the actual capacity of the alternative trans-Caspian route is only about 5% of Kazakhstan's total oil exports.^{153, 154}

On 8 July 2022, Tokayev signed a decree announcing Kazakhstan's withdrawal from the CIS (Commonwealth of Independent States) currency committee.¹⁵⁵ Ukrainian and Russian media and bloggers perceived such measures as a backlash against Kazakhstan in a series of "confrontational" measures, but the CIS Currency Committee was **abolished back in 2013**.^{156, 157}

On 11 July 2022, the decision to suspend the CPC for one month was commuted to a fine.¹⁵⁸ On 12 July 2022 Tokayev had a telephone conversation with Putin, in which he "expressed his positive assessment of the prompt interaction of governments to solve urgent issues of economic, transport and logistics relations between the two countries".^{159, 160} On 13 August 2022, the Minister of Energy of Kazakhstan Bolat Akchulakov said that Kazakhstan did not intend to transport oil bypassing Russia at the moment. According to the Minister, the main task is to ensure the smooth operation of the Caspian Pipeline Consortium, which goes through the territory of Russia.¹⁶¹ Accordingly, there is no real disagreement between Kazakhstan and Russia.

Apart from the diversion of attention from the topic of Kazakhstan's involvement in the theft of Ukrainian grain, the news of 5 July 2022 about the planned merger of Kazakhstan's Bank CenterCredit and Eco Center Bank (previously the sub-sanctioned Alfa-Bank Kazakhstan, which was bought by Bank CenterCredit and renamed Eco Center Bank) also went unnoticed.¹⁶²

¹⁵² https://forbes.kz/process/nefteprovod_ktk_priostanovil_rabotu_iz-za_resheniya_rossiyskogo_suda/

¹⁵³ <https://kaztag.kz/ru/news/kazakhstan-mozhet-uzhestochit-pravila-eksporta-tovarov-v-rossiyu>

¹⁵⁴ <https://inbusiness.kz/ru/news/stanet-li-transkaspiskij-marshrut-alternativnoj-ktk-i-chto-dlya-etogo-nuzhno>

¹⁵⁵ <https://kapital.kz/finance/107119/kazakhstan-vyshel-iz-soglasheniya-sng-o-valyutnom-komitete.html>

¹⁵⁶ <https://www.epravda.com.ua/rus/news/2022/07/8/689008/>

¹⁵⁷ <https://www.youtube.com/watch?v=T1jzPW6yqS0&t=170s>

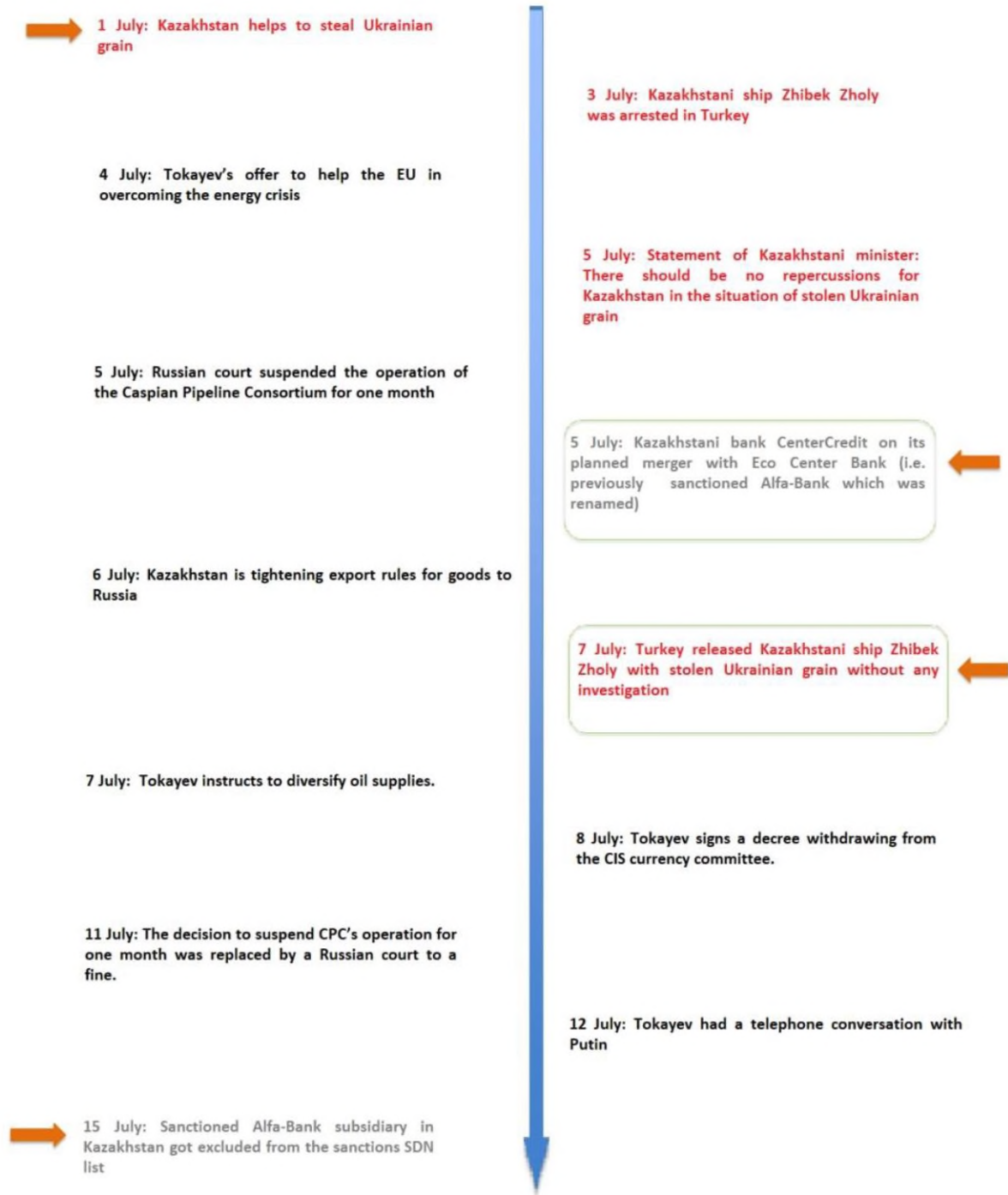
¹⁵⁸ https://tengrinews.kz/kazakhstan_news/rossiyskiy-sud-izmenil-reshenie-po-ktk-472829/

¹⁵⁹ https://tengrinews.kz/kazakhstan_news/prezident-tokaev-dal-poruchenie-po-marshrutam-postavki-nefti-472571/

¹⁶⁰ <https://kaztag.kz/ru/news/tokaev-v-razgovore-s-putinyem-polozhitelno-otsenil-vzaimodeystvie-po-ryadu-voprosov>

¹⁶¹ https://tengrinews.kz/kazakhstan_news/kazakhstan-ne-planiruet-eksport-nefti-azerbaydjan-obhod-475314/

¹⁶² https://tengrinews.kz/kazakhstan_news/sliyanie-dvuh-kazahstanskih-bankov-obsudyat-v-avguste-472487/



Increasing Kazakhstan's military budget for defence against Russia?

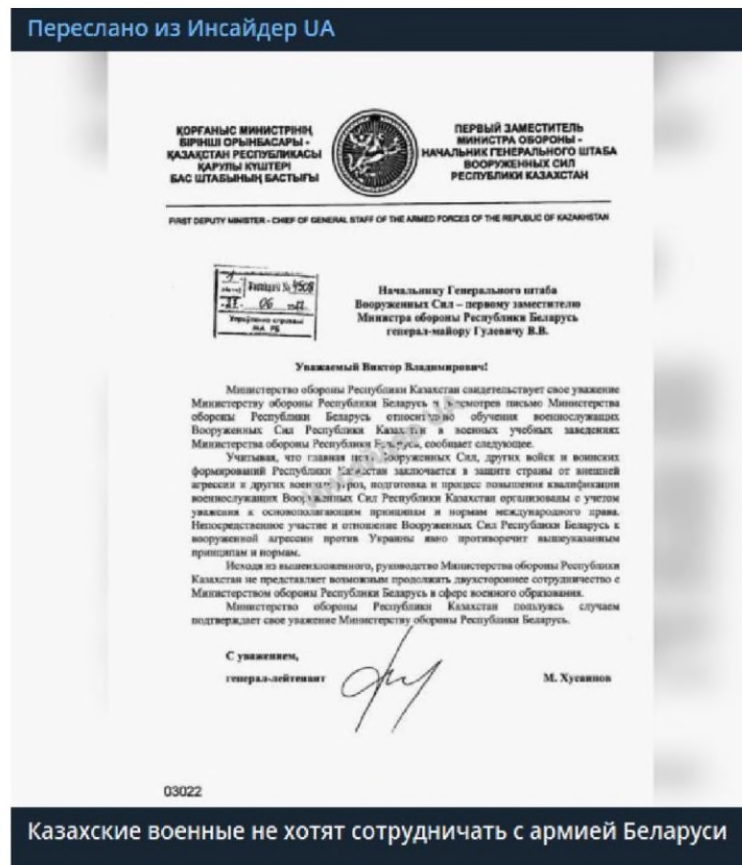
At the end of July 2022, on the eve of President Tokayev's visit to Russia to meet with President Putin, the Ukrainian media, quoting the US publication The Wall Street Journal, published the news that Kazakhstan had increased its military budget by USD 918 million, allegedly because of the threat of Russian attack.¹⁶³ In reality, however, the increase in the security budget is not related to the "risk of aggression from

¹⁶³ https://www.dialog.ua/war/255915_1658743119?s=09

Russia", but to the need of the Kazakhstani authorities to respond to mass protests by suppressing them by force. The Kazakhstani authorities decided to strengthen the country's law enforcement agencies in the aftermath of the January protests, so this increase in funding affects not only the Ministry of Defence of the Republic of Kazakhstan but also the Interior Ministry and National Guard of Kazakhstan. The bulk of the funding will go toward increasing the number of personnel, salaries and logistical support as the security forces prepare to respond to mass protests. The security budget increase came as early as April 2022, during amendments to the law on the republican budget for 2022-2024, but did not become known to the international community until June 2022.¹⁶⁴

Fake about the cessation of military cooperation between Kazakhstan and Belarus

In July 2022, information began to circulate in Ukrainian telegram channels that Kazakhstan had allegedly suspended cooperation with Belarus in the field of military education due to Belarus' involvement in aggression against Ukraine. This news was denied by the Ministry of Defence of the Republic of Kazakhstan.¹⁶⁵



Fake news about the alleged unwillingness of the Kazakhstani military to co-operate with the Belarusian army

¹⁶⁴ https://www.inform.kz/ru/441-mlrd-tenge-predusmotreno-na-povyshenie-boegotovnosti-silovyh-struktur_a3920270

¹⁶⁵ https://tengrinews.kz/kazakhstan_news/rassylku-prekraschenii-sotrudnichestva-sfere-voennogo-472748/

Fake about the cancellation of teaching Russian in Kazakhstani schools

The Kazakhstani authorities have denied plans to close Russian-language classes in Kazakhstani schools.¹⁶⁶ The Russian language curriculum has undergone changes in line with the decision of the Ministry of Education of Kazakhstan to start teaching Russian in Kazakh language schools from the second grade and in Russian language schools from the first grade, but there has been no talk of closing Russian language classes or abolishing teaching Russian.¹⁶⁷ The Russian Ministry of Foreign Affairs stated: "*We have noticed a sharp increase in fakes concerning Russian-Kazakh interaction. We do not rule out the possibility that those who want to drive a wedge into relations between Russia and Kazakhstan and create an additional factor of tension between the good neighbours and also within the multi-ethnic state are behind their creation*".¹⁶⁸

Fake about Kazakhstan's withdrawal from the CSTO

In September 2022, a number of media outlets published news that Kazakhstan would allegedly suspend its membership in the CSTO as of 1 January 2023. The Ministry of Foreign Affairs of Kazakhstan issued a denial.¹⁶⁹ The political support of Kazakhstan's leadership for Russia and the CSTO is also confirmed by the fact that on the day of a massive missile strike on Ukraine, 23 November 2022, Imangali Tasmagambetov became head of the Collective Security Treaty Organisation (CSTO). Tasmagambetov is one of Kazakhstan's most influential officials, close to former President Nursultan Nazarbayev. Tasmagambetov is a former prime minister of Kazakhstan, former mayor of Astana, former defence minister and former ambassador of the Republic of Kazakhstan to Moscow.^{170, 171}



Fake news that Kazakhstan is allegedly going to suspend its membership in the CSTO

¹⁶⁶ https://tengrinews.kz/kazakhstan_news/rassylku-otmene-klassov-russkim-yazyikom-obucheniya-475452/

¹⁶⁷ <https://primeminister.kz/ru/news/prinyat-vse-mery-dlya-bezopasnosti-nashih-detey-alihan-smailov-dal-porucheniya-k-novomu-uchebnomu-godu-1672543>

¹⁶⁸ https://kaztag.kz/ru/news/rossiya-zayavila-o-nalichii-zhelayushchikh-vbit-klin-v-ee-otnosheniya-s-kazakhstanom?utm_source=facebook&utm_medium=cpc

¹⁶⁹ https://tengrinews.kz/kazakhstan_news/informatsiyu-vyihode-kazahstana-odkb-prokomentirovali-mid-477946/

¹⁷⁰ <https://www.pravda.com.ua/rus/news/2022/11/23/7377667/>

¹⁷¹ <https://informburo.kz/novosti/imangali-tasmagambetov-stal-generalnym-sekretaryom-odkb>

5. RECOMMENDATIONS

- Immediately shut down Russia's ability to circumvent sanctions through Kazakhstan and other Central Asian countries in order to achieve the desired result of international sanctions against the Kremlin;
- Introduce personal sanctions against individuals and entities, including government officials, who facilitate the circumvention of sanctions;
- Implement the recommendations of the European Parliament resolution dated 20 January 2022¹⁷², particularly the requirement for Kazakhstan to allow UN and OSCE experts to conduct an international investigation into the role of CSTO troops in suppressing peaceful mass protests in Kazakhstan in January 2022;
- Provide political and financial support to independent civil society, the opposition and Kazakhstani whistleblowers who expose Tokayev's assistance in circumventing international sanctions for the Kremlin and surrendering Kazakhstan's national interests to Russia;
- Curb the misuse of inter-state criminal and civil law cooperation instruments, the conduct of illegal surveillance on EU territory of the opposition and their loved ones; investigate and stop propaganda attacks aimed at misleading the EU state authorities and achieve politically motivated extradition of opposition representatives from the EU countries to Kazakhstan, which systematically expose Tokayev's assistance in circumventing international sanctions for the Kremlin and surrendering Kazakhstan's national interests to Russia.

¹⁷² https://www.europarl.europa.eu/doceo/document/TA-9-2022-0012_EN.html